

# MINUTES: ENERGY COUNCIL MEETING

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**Meeting purpose** To ensure the opinions and position of the network via the Energy Council (EC) and CSD is considered and discussed in an open forum.

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**Meeting Location** Date: October 9, 2008  
Time: 10:00 am – 3:00 pm  
Place: CSD, King Conference Room

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**Attendees** **Energy Council Attendees:**

Arleen Novotney (SoCal Forum), Ed Ocampo (ACCES), Alex Sotomayor (ACCES), Kathy Kifaya (SoCal Forum), Ernie Flores (LSPC), Shelly Hance (ARNCEP), Louise Perez (ACCES), Dennis Osmer (LSPC), Bill Parker (BAPRC), and Val Martinez (ARNCEP)

**CSD Attendees:**

Lloyd Throne, Renee Webster-Hawkins, Helga Lemke, Jason Wimbley, and Kathy Ely

**Other Attendees:**

Tim Reese, Cal Neva, Joan Graham (CRP), and Howard Estlin (San Joaquin)

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**Topics discussed** The table below identifies the topics discussed in the meeting and the person who led each discussion.

Topic	Discussion Leader
Director Comments	Lloyd Throne
Automation Status	Denis Osmer
CSI Status	Renee Webster-Hawkins
Solar Hot Water Heater Pilot Status	Arleen Novotney
Leveraging Meeting debriefing	Jason Wimbley
Decision rejecting benefit levels	Group
2009 LIHEAP Contract	Kathy Kifaya/Jason Wimbley
2005 PVEA Expenditures	Dennis Osmer

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**Director** Lloyd Throne stated that LIHEAP funding will be \$5.1 billion which provides

**Comments** plenty of opportunity and comes with a great deal of responsibility. National level advocates have been doing a great job. In California not many are involved nationally. We should be aware of the Center for American Progress that is headed by Tom Daschle which has been very supportive of energy efficiency programs. We need to decide what our input is to the energy policy being developed in Washington D.C. California needs to be more proactive and now is the time.

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**Automation Status** Two demos of the ServTraqLITE (STL) were conducted last week in Hanford and Sacramento. It will be out by the first of the year and training for agencies will be provided January through March 2009. CLASS will continue to be available for the 2008 LIHEAP and DOE program year until agencies have received STL training. The 2009 LIHEAP program year will start with STL. A survey will go out to the agencies about when they may be ready for training. Initially, data transfer will be limited to HEAP/FT. Data transfer for weatherization will start later. Intake and measures will be input into STL for each dwelling. Regular ServTraq will require improvements to be in alignment with STL.

This is a significant accomplishment from Dennis and his group.

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**CSI Status** CSD submitted a letter to the CPUC on the objections to the decision. There was a final ruling granting Grid Alternative (GA) to collect the rebates/incentives and there was some discussion that there is potential conflict of GA being both the manager and installer. There was some suggestion in the decision in getting a third party evaluator to act as auditor.

Renee Webster-Hawkins advised that CSD received written comments from the evaluation process. The category we lost in was based on over all impression. Written comments could not tell how well the various partners worked together as a group. We also had a conference call with evaluating staff to close the loop on process issues. We reiterated our disagreements with the process and selection, and conveyed our hope that we could facilitate a partnership with CSD and GA. CPUC was not interested in helping us pursue this. They expressed that they were overworked, not interested, and are in negotiations with GA which is their primary focus. They acknowledge that they would not start on time since they are taking a long time to negotiate the contract.

Morgan Stanley (MS) heard that CPUC is rewriting the handbook to reflect GA's program model. We asked the CPUC this. They stated that there may be additional program rules that accommodate GA. It could either be a new handbook or addendum. The handbook will be available to public once it is done. CSD continues to work with SMUD on a solar program. MS is continues to be a solid partner financially and they are committed to working with CSD and the network.

Arleen Novotney indicated that the LAWDP is willing to work with CSD.

Lloyd Throne will be giving a presentation at the NCAF conference in Florida on CSD's solar model. This will be a good opportunity to see this go nationally.

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**Solar Hot  
Water Heater  
Pilot Status**

Arleen Novotney indicated that they were able to purchase four more data loggers which will be installed in homes located in Hanford, Salinas, San Fernando Valley, and maybe one in LA for a total of eight data loggers. The data collected from the loggers will determine how much water was used and for how many minutes the system is on. Recent data from one of the units indicated that there was 50% more water used when solar was off. Data from a logger in Sacramento indicated that during the entire summer the gas never went on and relied exclusively on the solar system. More data will be collected during the winter.

The goal is for the network to implement solar hot water heater systems as a measure statewide. Agencies that participated in the initial pilot will be able to provide training to neighboring agencies to build their capacity. It was suggested that a set-aside is funded to support a larger project to bring more agencies on line.

Val Martinez suggested that this could be possible if we were to set-aside 1% of the 2009 LIHEAP funding for innovative projects.

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**Leveraging  
Meeting  
Debriefing**

The EC met with the utilities on October 8, 2008. The meeting was productive. This LIEE Proposed Decision (LPD) is affecting the low-income communities. Comments have been reviewed and most of the views of the LPD have been covered. Legislators need to be contacted to show the harm of this LPD.

CSD did a presentation on the LIHEAP program, funding and provided services. It was a positive information session for the utilities. They left with a better understanding on the workings of agencies and LIHEAP.

The DRA has visited the commissioners. They were in agreement with the comments of ACCES on the elimination of LIEE measures/services.

The utilities would like to hold additional meetings after the final decision.

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**Decision  
Rejecting  
changes to  
Benefit Levels**

CSD distributed two letters from Dick McKee, Executive Director of Marin County, and from an official in Riverside County, which addressed concerns that CSD/EC should pursue the ability for agencies to adjust benefit levels to better serve clients in communities. Mr. McKee expressed concern with the EC's decision to put this issue on the back burner. CSD responded to Riverside County with an explanation of benefit levels and the basis for how

the department has elected to structure benefits based on federal statute. Dick McKee retracted his concerns because of the new funding level.

CSD still holds the philosophy of defining the level of service to serve more clients. The EC felt the issues surround restructuring of benefits as more a function of prioritizing services. The IT issues associated with changing the benefit structure still have to be considered as previously discussed. CSD underscored the importance of the EC ensuring that the entire network is engaged in all discussions and decisions made by the EC.

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**2009 LIHEAP  
Contract**

The topic included discussion on funding, set-aside for pilot project, proposed contract changes, policy/program priorities, and three factor formula.

A. Increased allocation for FFY 2009

The funding increase may provide CSD with \$225 million for distribution to the LIHEAP service providers. The income level also increased from 60% State Median Income (SMI) to 75% SMI.

CSD is receiving inquiries on the additional funding. With the many cutbacks in all budgets, the LIHEAP increase is appealing to interested parties.

Agencies will need to ramp-up to accommodate the funding. Some agencies may have problems and this also will need further discussion.

The 2008 LIHEAP contract term will be extended through March 2009 to allow agencies to expend the additional ECF funding received in September. CSD is contacting agencies to receive comments to determine if the income eligibility guidelines should be the same for both 2008 and 2009 LIHEAP contract. CSD will seek clarification from US Department of Health and Human Services if this is acceptable.

CSD will issue new guidelines to agencies in completing the 2009 Agency Local Plans to factor in the increase funding and to adjust agency priority plans to reflect the increase to the income guidelines.

B. Set aside for Leveraging pilot project

Jason Wimbley advised that federal law allows the states to set-aside approximately .08% funding for leveraging activities. CSD is proposing to take our permissive share to use as a LIHEAP specific discretionary to fund a leveraging project, which would be approximately \$160,000 for FY 2009.

Renee Webster-Hawkins suggested using the set-aside to fund the ServTraQ LITE automation project. CSD is bound by state rules for IT projects, and the ServTraQ LITE has been characterized as a form of technical assistance that is exempt from these rules. However, if we wish to enhance the use of ServTraQ LITE by developing a statewide database to collect data reporting then we are bound by the state rules, and will need to identify funding for this project.

Val Martinez proposed that we take a 1% set-aside off the top of the 2009 LIHEAP grant to fund innovative projects which would make available approximately \$2.5 million, and give priority to the automation project for this set-aside.

Kathy Kifaya requested that CSD add a line item to the budget to charge expenses for automation support and maintenance. CSD is to research to determine if this is an allowable expense under program costs.

**It was M/S/A by Bill Parker and Val Martinez** for CSD to take their permissive share (.08%) of the LIHEAP discretionary pot. This may fund leveraging discretionary projects. This will be taken out first from the total grant and be tracked by CSD. CSD and the EC will collaborate in identifying possible projects.

**It was M/S/A by Val Martinez and Alex Sotomayor** for CSD to set-aside 1% of the 2009 LIHEAP block grant for innovative projects with priority given to the statewide database.

**It was M/S/A by Kathy Kifaya and Val. Martinez** to include in the 2009 LIHEAP block grant that an automation line item be included for use to provide agencies funding to maintain the IT systems for the coordination with the CSD database. It will be researched by CSD whether this can be a program or administration item and also develop a maximum cap to limit the allocation.

#### C. Proposed Contract Changes

Jason Wimbley advised that most of the changes to the contract relate to automation. We expanded the training and technical assistance line item to cover automation training. Measure changes will be incorporated that were adopted by the network in 2007.

The automation language will not apply to 2008 LIHEAP or DOE. In 2009, all agencies will be responsible for transferring cash assistance data to CSD as well as monitoring rejects.

There were changes in audit requirements to ensure compliance with OMB A133 requirements. Changes will be reflected in the supplemental audit guide.

D. Prioritize Policy Items. The following items were identified by the EC as first and second priority items to focus on for the 2009 PY:

- 1-Intake % increase
- 1-HEAP/FT Payment schedule issues
- 1-Methodology for innovative projects and leveraging
- 1-Travel reimbursements
- 1-IOU meetings/coordination/leveraging
- 1-Minimum measure requirements

- 1-Measure costs/effectiveness
- 1-Measure reimbursement including labor rate
- 1-Streamline waiver process
- 2-Training to develop internal capacity/Green Jobs
- 2-Peer to peer
- 2-3-factor formula
- 2-State bulk purchasing

E. Leveraging Award (not originally on the agenda)

On October 9, 2008 U.S. Department of Health and Human Services advised states not to submit a leveraging application this year since they decided to allocate the leveraging award in FY 2009. California's share was approximately \$3 plus million. The EC discussed the method for distribution.

**It was M/S/A by Val Martinez and Bill Parker** that the 2008 leveraging funds up to \$3 plus million be allocated to those who submitted a report to CSD. CSD will offset the leveraging allocation by \$1.7 million and distribute the remaining balance to agencies who submitted a leveraging report to CSD. The \$1.7 million will be distributed to all agencies via the 3 Factor Formulas.

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**2005 PVEA  
Expenditures**

Dennis Osmer addressed his concern with the recent return of PVEA funds to the federal government due to some agencies inability to fully expend. It called into question with the problem with some agencies not being able to spend their entire allocation. The old rules were that agencies spent the money in the year or they lost it. The practice of offering contract extensions came when grant funding was increased, which continued to be applied during lean year. The network has no idea where anyone stands in terms of expenditures. We use to provide an end of the year summary of carryover.

Renee Webster-Hawkins indicated that CSD returned about \$180,000. Most of the dollars that were returned was the difference between reconciliation of books. We are still now receiving adjustments from the 2005. The PVEA funds are treated differently then LIHEAP or DOE funding with respect to carryover.

The EC discussed making available to the network information on funds that are not expended by the end of the year and to establish performance benchmark where you evaluate expenditures in relationship to service goals.

The EC agreed that it is critical that given the new funding that we fully expend and suggested that we come up with a policy for next year and to announce at the LIHEAP Service Provider meeting along with a policy statement.

CSD suggest that we add flexibility in the contract to allow agencies to move money faster. EC recommended relaxing the energy burden, releasing the contract timely, streamline waiver process, and look at measure installation flexibilities.

EC agreed to form a small group to address these issues to amend the contract first quarter, and to look into bulk purchasing. EC identified Louise Perez, Arleen Novotney, Howard Estlin, and Bill Parker to participate in this group.

EC also suggest that we put something in the contract that extensions are at the sole discretion of the director.

**M/S/A by V. Martinez and B. Parker** that CSD make the 2009 contract 12 months with benchmarks of 6 months and 9 months to evaluate expenditures and performance, and at the end of the 3rd quarter CSD will evaluate performance and enter into a discussion with the agency to de-obligate funds or the agency will voluntarily return funds if the 3<sup>rd</sup> quarter benchmarks are not met, however at the discretion of the director the contract may be extended up to 18 months or longer based on conditions.

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**Closed  
Session**

All attendees who are not appointed to the Energy Council were excused and Lloyd Throne discussed a confidential matter.

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## Decisions

The EC made the following decisions and/or made the following policy and contract recommendations to CSD:

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## Next meeting

November 17, 2008

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